

STAFF REVISED PROPOSED AMENDMENT NO. 1

TIME/DATE PREPARED: November 10, 2020

COMPANY: Arizona Corporation Commission

AGENDA ITEM NO. 1

DOCKET NO(S). RU-00000A-18-0284

OPEN MEETING DATE: November 13, 2020

Purpose: This amendment provides clarification regarding the resource planning and procurement process. On October 29, 2020, at Commission Open Meeting, the Western Gird Group/Sierra Club/SWEEP/Arizona PIRG Amendment, regarding resource planning and the all-source request for proposals (“ASRFP”), docketed on the October 28, 2020, was heard, discussed, and approved by the Commission with minor verbal amendments.

In Staff’s review, it was discovered that the ASRFP process was inadvertently left out of the amended proposed draft Energy Rules. Furthermore, a number of structural and rulemaking concerns were flagged by Staff and the Commission’s Hearing Division involving the Integrated Resource Plan, the Commission Approval process, and its associated definitions.

In order of appearance within the Energy Rules, this proposed amendment resolves the following:

- Clarifies that the Action Plan is five-years;
- Creates a definition of a Resource Portfolio;
- Clarifies the RPAC requirement of a Limited-Income Advocate;
- Clarifies use of the term “Approval” in Staff’s review of the All-Source Request For Information (“ASRFI”) language. The current definition of Approval conflicts with the intended use. To resolve this, language has been supplemented which requires Staff to review ASRFI language for compliance with the Article;
- Clarifies the difference between an Integrated Resource Plan and Resource Portfolio. Previously, Resource Plan was not defined and was being used interchangeably to describe an Integrated Resource Plan and Resource Portfolios; and
- Replaces Section R14-2-2709 with expansive language that ensures an ASRFP process is utilized by the Load-Serving Entity.
- Clarifies undefined terms in Section R14-2-2717 and removes redundant language.

**** Make all conforming changes**

THIS AMENDMENT:		
<input type="checkbox"/> Passed	<input type="checkbox"/> Passed as amended by _____	
<input type="checkbox"/> Failed	<input type="checkbox"/> Not Offered	<input type="checkbox"/> Withdrawn
ACC - Docket Control - Received 11/13/2020 9:54 AM ACC - Docket Control - Docketed 11/13/2020 9:59 AM		

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Changes to Exhibit A of Staff's July 29November 10, 2020 Memorandum and Proposed Order

Pg. 45 Under R14-2-2701. Definitions

DELETE the following definitions:

“Acknowledgment”

“Action Plan”

“Planning Period”

“Preferred Resource Portfolio”

INSERT the following definitions:

“Action Plan” means the first five years of a Load-Serving Entity’s Commission approved Resource Portfolio.

“Resource Portfolio” means the combination of selected Supply-Side Resources and Demand-Side Resources to be used over a forecasted 15-year period to meet electric demand in a safe, reliable, and efficient manner taking into consideration costs, risks and safety. ~~and takes cost, risk, and safety into consideration.~~

Page 5960, under R14-2-2705. Development of Proposed Load Forecast and Needs Assessment

REPLACE Subsection B(3) with:

3. An advocate or advocacy group representing Limited-Income Customers,

Page 601, under R14-2-2706. Load Forecast and Needs Assessment Approval

Under, Subsection (E), **REPLACE**: “the Commission shall state the minimum amount” with “the Commission may state the minimum amount”.

Page 621, under R14-2-2707. All Source Request for Information

DELETE Subsections: 2707(C) through (F), and 2707(H)

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INSERT new Subsections:

- C.** A Load-Serving Entity shall file the refined ASRFI language, created under subsection (B)(3), with the Commission.
- D.** Within 30 days after a Load-Serving Entity files its refined ASRFI language, Staff shall file a notice that the refined ASRFI language is either in compliance with subsection (A) or is deficient. If the refined ASRFI language does not comply with subsection (A), Staff and the Load-Serving Entity shall attempt in good faith to reach agreement on refined ASRFI language that complies with subsection (A).
- E.** If Staff and the Load-Serving Entity are unable to reach agreement on the Load-Serving Entity's refined ASRFI language, the following shall occur:
1. Staff shall, within 60 days after receiving the Load-Serving Entity's refined ASRFI language, file a Memorandum and Proposed Order recommending ASRFI language that complies with subsection (A) to be used by the Load-Serving Entity;
 2. Within 30 days after the Memorandum and Proposed Order is filed, the Commission shall consider the Proposed Order at an Open Meeting; and
 3. The Commission shall issue a decision approving ASRFI language that complies with subsection (A) to be used by the Load-Serving Entity.
- F.** If Staff determines that the ASRFI language is in compliance with subsection (A), or if Staff and the Load-Serving Entity are able to reach agreement on the ASRFI language's compliance with subsection (A), but an RPAC member disagrees with the ASRFI language, the RPAC member may, within five days after Staff files its notice of compliance, file a request for review of the ASRFI language by the Commission. In a request for review of the ASRFI language, the RPAC member shall propose alternative ASRFI language that complies with subsection (A).

Under Subsection (G), REPLACE "RPAC member disagreement" with "RPAC member's filed request for review"

At Page 62, in the title of Section R14-2-2708, INSERT "Integrated" after "R14-2-2708. ASRFI Process;"

At Page 623, under Section R14-2-2708
REPLACE subsection (A) with:

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- A. A Load-Serving Entity shall conduct its ASRFI process using the ASRFI language determined to be in compliance with this Article, or as otherwise ordered by the Commission.

Under Subsection (B)(1), INSERT “and Needs Assessment” after “Load-Serving Entity’s approved Load Forecast”

REPLACE subsections (B)(2) and (B)(3) with the following:

2. Formulate a draft Integrated Resource Plan that includes a preferred Resource Portfolio and at least two alternative Resource Portfolios, describing all of the energy resources the Load-Serving Entity believes should be used to meet its 15-year Load Forecast and Needs Assessment, and provides any supplemental data and analyses used in justifying its choices; and
3. After developing a draft Integrated Resource Plan:
 - a. Provide copies of the draft Integrated Resource Plan to the RPAC members;
 - b. Meet with the RPAC in a workshop environment to obtain input on the draft Integrated Resource Plan and recommendations for any changes; and
 - c. After good faith consideration of the input and recommendations received from the RPAC, refine the Integrated Resource Plan.

Under subsection (C), INSERT “Integrated” after “in its refined”

Under subsection (C)(1), REPLACE “set forth” with “created” and REPLACE “2705” with “2704”

Under subsection (D)

REPLACE “In addition -to the factors ~~createdset forth~~ in subsection (C), when determining the lowest overall, lifetime costs to safely and reliably meet its Load Forecast and Needs Assessment, meet the Clean Energy Implementation Plan set forth under R14-2-2705, and minimize the cost of providing electric energy service to customers, a Load-Serving Entity may, when determining the resources to include in its refined Resource Plan, also consider factors that have a reasonable nexus to ratemaking, such as, but not limited to, the following:”

WITH the following:

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“In addition to the factors set forth in subsection (C), when determining the resources to include in its refined Integrated Resource Plan to provide the lowest overall, lifetime costs to meet its Load Forecast and Needs Assessment safely and reliably, meet the Clean Energy Implementation Plan set forth under R14-2-2704, and minimize the cost of providing electric energy service to Customers, a Load-Serving Entity may also consider factors that have a reasonable nexus to ratemaking, such as, but not limited to, the following:”

Under Subsection (D)(6), DELETE “average”

Under Subsection (D)(8), REPLACE “capacity” with “utilization”

Under Subsection (D)(16), INSERT “negative” after “Providing economic benefits or reducing”

Under Subsection (E),

INSERT “, by August 1 of every third year, beginning with August 1, 2023,” after “A Load-Serving Entity shall”

INSERT “Integrated” after “the refined”

INSERT “Integrated” after “The Load-Serving Entity shall include in its filing any additional data or analyses that it believes Staff or the Commission will find useful in considering the”

Under Subsection (F), INSERT “Integrated” after “90 days after the”

Under Subsection (F)(1), INSERT “Integrated” after “Analyze the”

Under Subsection (F)(2), INSERT “Integrated” after “input regarding the”

Under Subsection (F)(4), INSERT “Integrated” after “Accept input regarding the”

Under Subsection (G), REPLACE each instance “Plan” with “Portfolio”

Under Subsection (I), REPLACE each instance “Plan” with “Portfolio”

Under Subsection (I), DELETE “The first five years of the approved Resource Portfolio shall constitute the Load-Serving Entity’s Action Plan.”

Under Subsection (J), INSERT “one or more” after “Staff may hire” and REPLACE “R14-2-2705 through R14-2-2708” with “R14-2-2704 through R14-2-2708”.

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At Page 65, DELETE Section R14-2-2709. Implementation of Action Plan and INSERT new Section:

R14-2-2709. Implementation of Action Plan

- A. A Load-Serving Entity shall implement the Action Plan approved for it by the Commission and, except as permitted by this Article, utilize an ASRFP All-Source RFP process to procure resources per the Commission approved Action Plan.
- B. A Load-Serving Entity shall report the results of its ASRFP All-Source RFP process in an annual Procurement Activity Report.
- C. A Load-Serving Entity shall include any request to update its Action Plan in its annual Procurement Activity Report.
- D. Within 60 days after receiving a Load-Serving Entity's request to update its Action Plan, the Commission shall issue:
 - 1. An order of Approval of the Load-Serving Entity's request to update its Action Plan; or
 - 2. An order denying the Load-Serving Entity's request to update its Action Plan.
- E. A Load-Serving Entity that determines, during the implementation period for its most recently approved Action Plan, that the Load-Serving Entity will be unable to implement any portion of the Action Plan due to circumstances beyond the Load-Serving Entity's control, shall file with the Commission, in a new docket, notification of the circumstances preventing implementation along with any appropriate request for extension or waiver under R14-2-2716.

At Page 75, R14-2-2717. Cooperatives

Under Subsection (B), REPLACE "clean" with "Clean Energy Resources"

Under Subsection (C), INSERT "Integrated" before "Resource Plan" and **REPLACE** "of its Planning Period" with "to meet electric demand in a safe, reliable, and efficient manner over a forecasted 15-year period of time"

Under Subsection (D), INSERT "Integrated" before "Resource Plan"

Under Subsection (E), INSERT "Integrated" before "Resource Plan" and **DELETE** "consisting of the Cooperative's Board of Directors"

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